

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 769 - HB 990

March 25, 2011

SUMMARY OF BILL: Transfers oversight of municipal electric systems providing, or interested in providing, cable and internet services from the Comptroller of the Treasury to the Tennessee Regulatory Authority (TRA). Requires the TRA to conduct a hearing on the feasibility of the municipal electric system's business plan which shall include a five-year cost benefit analysis. Increases, from 60 to 120 days, the time period in which the written analysis of the business plan must be provided. Requires the notice of intent to offer certain services be filed with the TRA on or before the date of publication and requires that the referendum ballot include the total cost of providing the services per household. Directs the system, upon approval of the plan, to inform the TRA of any material change in operations. Requires the municipal electric system providing cable, internet, or other related services to provide TRA with a certified copy of any existing inter-divisional loan agreement and, within 180 days from the end of the system's fiscal year, provide the audited financial statement.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$500/Tennessee Regulatory Authority

Increase Local Revenue – Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

- According to the Comptroller, no business plans have been filed since 2008.
- Estimate assumes at least one plan will be filed every two years.
- Based on information provided by the TRA, the cost to hold a hearing for each business plan is \$1,000, resulting in an increase to state expenditures of \$1,000 every two years or \$500 annually.
- Any increase to local expenditures for filing a business plan with the TRA is estimated to be not significant. Utilities must recover their costs through rates charged to customers. Any increase in expenditures for complying with oversight regulations will require addition revenue from customers.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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